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00C-796

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Assistant Director, OPC

23 February 1950

Assistant General Counsel for Covert Affairs

Internal Revenue Bureau Exemption Affidavits

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1. Reference is made to your memorandum, dated 16 February 1950, concerning Exemption Affidavits for the [redacted] and the [redacted]. You request this office to review material attached to that memorandum and advise as to the adequacy of the presentation in terms of its legal and security approach.

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2. The enclosures to your memorandum are returned herewith. We should like to point out that there are two methods by which this office could approach your problem. In the first instance, we could furnish our views concerning the Exemption Affidavits based on general principles and the applicable regulations without inquiring further into the basic facts. On the other hand, this office could approach the problem from the standpoint of completing the problem which is presented and return to your office Affidavits either formally or informally approved.

3. As has been indicated to members of your office informally, the latter approach would require the making available of all necessary information, particularly that relating to the financial affairs of the Committee and Council involved. Subsequently, it would require contacting the Bureau of Internal Revenue for an expression of their views as to the adequacy of the information presented. While the approach to the Bureau of Internal Revenue might not constitute a security hazard, obviously it does make available to another individual the information that CIA and the Committee and Council involved are tied together.

4. In the event the first-mentioned approach is desired, we should like to furnish our comments on the Affidavits as presented:

a. You will note that Item 14 of the Affidavits requires that there be attached a classified statement of the receipts and expenditures of the organization during the last complete year of operation, together with a complete statement of the assets and liabilities as of the end of that year. We believe that such information is an essential requirement in order for the Bureau to be in a position to rule on the case. That information is not attached, and it is not known that it has been prepared in an appropriate form.

b. There is further requested in Item 14 a copy of the articles of association or other similar document setting forth the

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aims and purposes of the organization. There is no such document in connection with the [redacted] However, there is attached a copy of the statutes of the [redacted]

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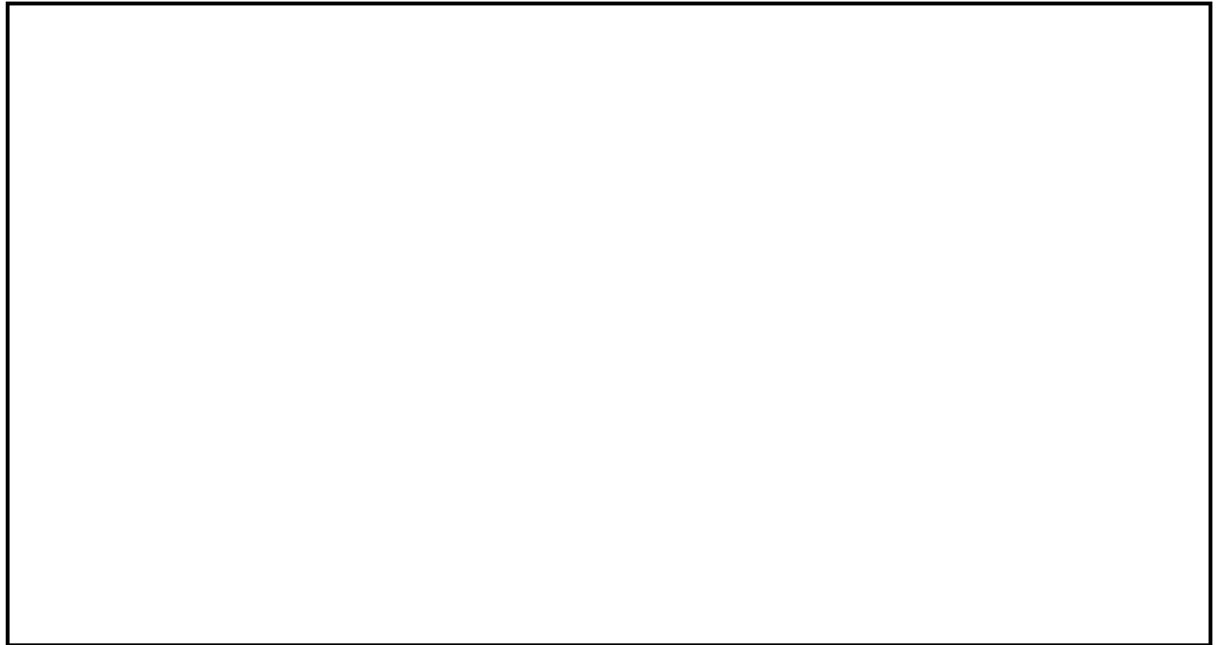
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c. In connection with Item 9 on the form, it is believed possible, based on information known to us, that there will be some question concerning this item. We understand that certain individuals receive money from the [redacted] and in some cases such funds are in the nature of compensation and in other cases are in the nature of a subsistence allowance not related to services rendered. If such facts are true, it would not appear that Item 9 has been answered accurately. Further, there may be raised by the Bureau of Internal Revenue the question of filing W-2 forms, together with withholding tax payments where appropriate.

Other than the above, it appears that the forms have been completed in a reasonably adequate way.

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1. Cy of ltr from NCPE to [redacted]  
8 Feb 50.

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2. Exemption Affidavit by [redacted]  
3. Exemption Affidavit by [redacted]

of CPC.

cc: Chrono  
✓Subject

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# MISSING PAGE

ORIGINAL DOCUMENT MISSING PAGE(S):

Enclosure